

Vermont State Teachers' Retirement System

Retirement Seminar



What is the Vermont State Teachers' Retirement System?

- “VSTRS” is a Defined Benefit pension plan. Unlike investment-based retirement plans, Defined Benefit pensions are lifetime, monthly benefits which are based on the member’s retirement group, number of years worked and their average salary when they reach retirement.
- Members make pre-tax contributions based on their salary.
 - These rates are established by Vermont Statute and cannot be changed.
- Employer contributions, based on the member’s salary, are made to the VSTRS pension fund.
- Members are vested for a pension after five years of VSTRS service. You must be vested to qualify to draw a benefit when you reach retirement age.
 - ❖ Members who do not vest can elect to leave their accounts open for up to six years from their date of separation; if they return to service with a VSTRS employer within seven years, they will resume contributing to this existing VSERS account.OR
 - ❖ Members who do not vest can withdraw *their* contributions and interest by:
 - ❖ Taking a refund of contributions (taxed).
 - ❖ Electing a rollover to another pre-tax retirement account (not taxed).
- Vested members who leave VSTRS employment can elect to leave their account in a Deferred status until they reach retirement age.

ELIGIBILITY FOR RETIREMENT

"OLD" GROUP C (few remaining active members)

- Members who had 25 years of Service Credit on 6/30/10
- OR born before 7/1/1953 and hired prior to 7/1/2010
 - Normal retirement at age 62 **or** with 30 years of service

"NEW" GROUP C (majority of active members)

- Less than 25 years Service Credit on 6/30/10 **and** born after 7/1/1953
 - Normal retirement at age 65 **or** rule of "90"
 - Rule of 90: when age + service = 90
 - **EARLY RETIREMENT** at age 55 with 5 years of service

AVERAGE FINAL COMPENSATION (AFC)



- AFC is the average of the three highest consecutive fiscal years' salaries, regardless of when they occurred throughout your membership.
- Annual salary increases are capped at 10% over the prior year in the years used to calculate AFC.

SERVICE CREDIT CALCULATION

GROUP B *(All Group B members became Group C members as of 7/1/1990)*

- Non-contributory, 40-year plan
- Service credit before 06/30/1990
- Each year is calculated at 1.25% of AFC

OLD GROUP C

- Service credit after 07/01/1990
- Each year is calculated at 1.67% of AFC to a combined maximum of 53.34%.

NEW GROUP C

- Service credit after 07/01/1990 calculated at 1.67% of AFC until reaching 20 years of service.
- Years over 20 *after 07/01/10* calculated at 2% of AFC to a combined maximum of 60%

CALCULATING YOUR BENEFITS: GROUP C

NORMAL RETIREMENT (New Group C example)

- Group B: $0.0125 \times 1 \text{ yrs} \times \text{AFC } (\$60,000) = 1.25\%$
- Group C: $0.0167 \times 20 \text{ yrs} \times \text{AFC } (\$60,000) = 33.4\%$
- Group C: $0.02 \times 7 \text{ yrs} \times \text{AFC } (\$60,000) = 14.0\%$

Total percentage = 48.65%

Annually: \$29,190.00

Monthly: \$2,432.50

EARLY RETIREMENT

- New Group C- Calculate as above
 - If Less than “Rule of 90” and under age 65, an actuarial penalty is applied.
 - **Penalty is applied based on your age in relation to 65, *not* on the “Rule of 90”.**

FULL-TIME/PART-TIME

FULL-TIME

- Teachers and administrators who work a minimum of 175 days in a contract or school year = 100% FTE

PART-TIME

- Part-time is considered working less than 175 days on the school year
- FTE determined by dividing the number of days worked by 175
 - Ex. $140 \text{ days} / 175 = 0.80 \text{ FTE}$
- *Retirement benefits for part-time teachers use full-time contract salaries to calculate AFC*

SAMPLE ESTIMATE

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

109 State Street, Montpelier, VT 05609-6901

802-828-2305 or 800-642-3191 (VT only) Fax # 802-828-5182

Member age 61

Spouse age 59

TO: A Vermont Teacher **DATE:** 10/20/2025

FROM: Retirement Specialist **MEMBER ID:** 1234567

SUBJECT: Your Estimated VSTRS Group C Retirement Allowance as of : 7/1/2026 Normal Retirement

Our office has estimated your retirement allowance based on the following data and assumptions:

Service prior to 7/1/1990 - Group B service:	0.000000	
Service after 7/1/1990 - Group C service:	29.000000	
Total Creditable Years of Service:	29.000000	(continuous to retirement, if applicable)
Average Final Compensation:	\$75,000.00	
Final Accumulated Contributions:	\$109,755.65	51.40%
Survivorship Designation:	Spouse - two years younger	

Member's Allowance

<u>Option</u>		<u>Annually</u>	<u>Monthly</u>	<u>Beneficiary</u>
Option 1	(Maximum)	\$38,550.12	\$3,212.51	Proportionate for month in which death occurs.
Option 2	(Guaranteed Return)	\$38,284.56	\$3,190.38	Receives member's unused balance of accumulated contributions *; payable at death, decreasing annually by about: \$5,978.52
Option 3	(50% Survivorship)	\$36,414.00	\$3,034.50	\$1,517.25 per month.
Option 3A	(50% Survivorship)	\$36,193.56	\$3,016.13	\$1,508.07 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 4	(75% Survivorship)	\$35,432.52	\$2,952.71	\$2,214.53 per month.
Option 4A	(75% Survivorship)	\$35,119.92	\$2,926.66	\$2,195.00 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 5	(100% Survivorship)	\$34,502.40	\$2,875.20	\$2,875.20 per month.
Option 5A	(100% Survivorship)	\$34,108.32	\$2,842.36	\$2,842.36 per month. (If beneficiary does

RETIREMENT OPTIONS

- **Maximum Benefit**
 - Maximum benefit – no continued survivor benefit to your spouse or other beneficiary.
- **Guaranteed Return**
 - Pension is slightly lower than maximum benefit. Return of unused balance of contributions, if any, to a beneficiary (lump sum payment).
- **50% Survivorship**
 - Pension is reduced from maximum benefit (amount depends on the age of your survivor). Survivor receives $\frac{1}{2}$ of your monthly payment for their lifetime after your death.
- **50% Pop-Up**
 - Pension is slightly less than 50% survivorship, but if your survivor predeceases you, pension benefit increases to the maximum benefit. Survivor receives $\frac{1}{2}$ of your monthly payment for their lifetime after your death
- **75% Survivorship**
 - Pension is reduced from maximum benefit (amount depends on the age of your survivor). Survivor receives $\frac{3}{4}$ of your monthly payment for their lifetime after your death.
- **75% Pop-Up**
 - Pension is slightly less than 75% survivorship, but if your survivor predeceases you, pension benefit increases to the maximum benefit. Survivor receives $\frac{3}{4}$ of your monthly payment for their lifetime after your death
- **100% Survivorship**
 - Pension is reduced from maximum benefit (amount depends on the age of your survivor). Survivor receives an amount equal to yours for their lifetime after your death.
- **100% Pop-Up**
 - Pension is slightly less than 100% survivorship, but if your survivor predeceases you, pension benefit increases to the maximum benefit. Survivor receives an amount equal to yours for their lifetime after your death

Member age 61

Spouse age 59

802-828-2305 or 800-642-3191 (VT only) Fax # 802-828-5182

TO: A Vermont Teacher

DATE: 9/16/2025

FROM: Retirement Specialist

MEMBER ID: 1234567

SUBJECT: Your Estimated VSTRS Group C Retirement Allowance as of :

7/1/2026

Early Retirement

Our office has estimated your retirement allowance based on the following data and assumptions:

Service prior to 7/1/1990 - Group B service: **0.000000**

0.000000

Service after 7/1/1990 - Group C service: **28.000000**

28.000000

Total Creditable Years of Service: **28.000000**

28.000000

(continuous to retirement, if applicable)

Average Final Compensation: **\$75,000.00**

\$75,000.00

Final Accumulated Contributions: **\$99,832.54**

\$99,832.54

Survivorship Designation: **Spouse- two**

Spouse- two

(35.0254% after penalty applied)

		Member's Allowance		
<u>Option</u>		<u>Annually</u>	<u>Monthly</u>	<u>Beneficiary</u>
Option 1	(Maximum)	\$26,268.96	\$2,189.08	Proportionate for month in which death occurs.
Option 2	(Guaranteed Return)	\$26,018.40	\$2,168.20	Receives member's unused balance of accumulated contributions *; payable at death, decreasing annually by about: \$4565.28
Option 3	(50% Survivorship)	\$24,819.96	\$2,068.33	\$1,034.17 per month.
Option 3A	(50% Survivorship)	\$24,671.04	\$2,055.92	\$1,027.96 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 4	(75% Survivorship)	\$24,153.84	\$2,012.82	\$1,509.62 per month.
Option 4A	(75% Survivorship)	\$23,942.64	\$1,995.22	\$1,496.42 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 5	(100% Survivorship)	\$23,522.28	\$1,960.19	\$1,960.19 per month.
Option 5A	(100% Survivorship)	\$23,256.12	\$1,938.01	\$1,938.01 per month. (If beneficiary does not survive member's lifetime, payment

This estimate includes a 29.0986% early retirement penalty

PURCHASING SERVICE CREDIT

- May Purchase a Maximum of 10 years of:

(cannot be due a retirement benefit from same service & requires verification)

- Teaching: eligible Public, Private, Parochial, or Out- of-State
- State Government
- Municipal Service

- Must have 15 years of VRS service

- May Purchase a Maximum of 5 years of:

- Military service - Served at least 1 year of active duty **prior** to becoming a member of VSTRS (see pg. 16 for Military Grants)
- AmeriCorp/ VISTA
- Peace Corps

- Must have 25 years of VRS service

- May Purchase a Maximum of 5 years of:

- “Air-Time”

- Purchase prior withdrawn Teaching In-State membership

- Cost may be divided into a maximum of five equal (interest-free), annual installments.
- Purchases can be made with a rollover from a tax-sheltered account or personal funds.
- Purchases must be paid in full prior to retirement.

PURCHASING SERVICE CREDIT WORKSHEET

Name **A Vermont Teacher**

	Year	Month	Day
Contract Year	2026	6	30
Date of Birth	1965	6	1
AGE	61	0	

Nearest Age 61

Anticipated annual salary	\$75,000.00
FTE	1

Annualized Salary	\$75,000.00
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*** Percent based on age	0.217935
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* Cost per year	\$16,345.13
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** Years available/needed	1.000000
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Total Cost	\$16,345.13
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SAMPLE ESTIMATE:

Normal WITH Service Credit Purchase

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

109 State Street, Montpelier, VT 05609-6901

802-828-2305 or 800-642-3191 (VT only) Fax # 802-828-5182

Member age 61
Spouse age 59

PURCHASE PAYOFF TIME = 16 Months

TO: A Vermont Teacher

DATE: 7/1/2026

FROM: Retirement Specialist

MEMBER ID: 123456

SUBJECT: Your Estimated VSTRS Group C Retirement Allowance as of : 7/1/2026 Normal Retirement (with purchase)

Our office has estimated your retirement allowance based on the following data and assumptions:

Service prior to 7/1/1990 - Group B service:	0.000000	
Service after 7/1/1990 - Group C service:	29.000000	
Total Creditable Years of Service:	29.000000	(continuous to retirement, if applicable)
Average Final Compensation:	\$75,000.00	
Final Accumulated Contributions:	\$116,177.67	51.40%
Survivorship Designation:	Spouse	

Option		Annually	Monthly	Beneficiary
Option 1	(Maximum)	\$38,550.00	\$3,212.50	Proportionate for month in which death occurs.
Option 2	(Guaranteed Return)	\$38,268.96	\$3,189.08	Receives member's unused balance of accumulated contributions *; payable at death, decreasing annually by about: \$5,423.76
Option 3	(50% Survivorship)	\$36,414.00	\$3,034.50	\$1,517.25 per month.
Option 3A	(50% Survivorship)	\$36,193.44	\$3,016.12	\$1,508.06 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 4	(75% Survivorship)	\$35,432.52	\$2,952.71	\$2,214.53 per month.
Option 4A	(75% Survivorship)	\$35,119.80	\$2,926.65	\$2,194.99 per month. (If beneficiary does not survive member's lifetime, payment increases to Option 1.
Option 5	(100% Survivorship)	\$34,502.28	\$2,875.19	\$2,875.19 per month.
Option 5A	(100% Survivorship)	\$34,108.32	\$2,842.36	\$2,842.36 per month. (If beneficiary does not survive member's lifetime, payment

LEVEL INCOME EXAMPLE

NAME: I. M. Retiring

AGE: 55

VSTRS: \$2,463.00 per month

SOCIAL SECURITY ESTIMATED BENEFIT: \$1,300.00 per month

LEVEL INCOME BASED ON AGE: $56.99402\% \times \$1,300.00 = \740.92

PENSION PAYMENT TO AGE 62: \$3,203.92

PENSION PAYMENT FROM VSERS AT AGE 62 AND AFTER: \$1,903.92

SOCIAL SECURITY PAYMENT: +/- \$1,300.00

TOTAL LEVELED INCOME: \$3,203.92 per month

LEVEL INCOME OPTION

THIS OPTION IS ELECTED AT RETIREMENT FOR EMPLOYEES RETIRING BEFORE AGE 62

- Based on Social Security estimate of monthly benefits payable at age 62, with the assumption that you do not have income from wages after your date of retirement, an additional payment is added to your monthly pension
- At age 62, the combined benefit is reduced by the full amount of the estimated Social Security payment provided at the time of your retirement
- Benefit reduction is ALWAYS at age 62, even if you do not collect Social Security at that time
- If Social Security Benefit is higher (or lower) at age 62, the change will not affect the amount your benefit is reduced
- Breakeven occurs between age 72 and 73
- **Reduced payment is for the lifetime of the retiree**
- Level income option **does not** affect Survivorship payments
- Contact the Retirement Office for more specifics if you are considering Level Income

LEAVES OF ABSENCE

PROFESSIONAL STUDIES

- Service credit granted with documentation

APPROVED LEAVE OF ABSENCE

- Taken after 07/01/1990
- With documentation, member can pay in contributions for time on leave to receive service credit

LEAVES OF ABSENCE ACTIVATED IN MILITARY SERVICE

- Return to employment within 90 days of military discharge, service credit will be granted with documentation

Military Grants of service are available for members who served during *specific* conflict periods between 1950 and 1975. Please contact our office for more information.

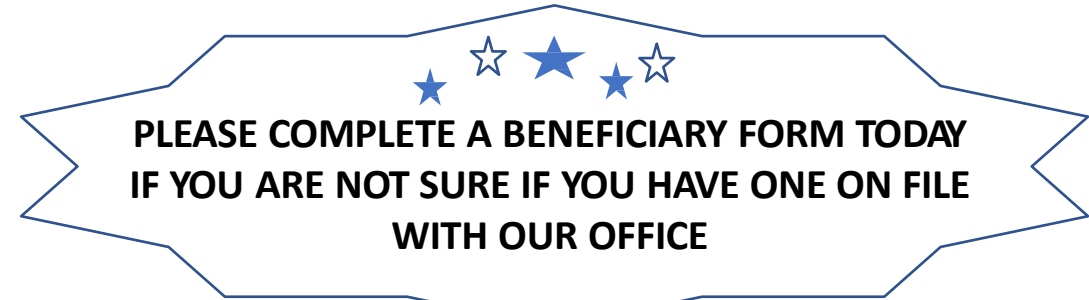
DISABILITY RETIREMENT

- Eligible to apply after 5 years of service credit.
- Subject to approval by both Medical and Teacher Boards.
- Review process can take a minimum of 3 months.
- Can apply while still employed.
- Must apply within 90 days of separation of service.
- Minimum benefit equal to 25% of AFC.
- Call the retirement office for more information and applications.
- Annual verification of earned income required prior to achieving normal retirement age.

DEATH-IN-SERVICE

DEATH-IN-SERVICE BENEFIT – ★ must have Designation of Beneficiary form on file and be an active employee at time of death

- Eligibility:
 - Age 55 with at least 5 years of service credit
 - Any age with at least 10 years of service credit
- Benefit:
 - An automatic 100% survivorship benefit is paid only to the primary dependent designated beneficiary.
 - Domestic partners are not recognized as dependents under this system.
 - If primary dependent designated beneficiary is a child, he or she *must be able to be claimed as a dependent at the time of your death* to receive a lifetime survivorship benefit.



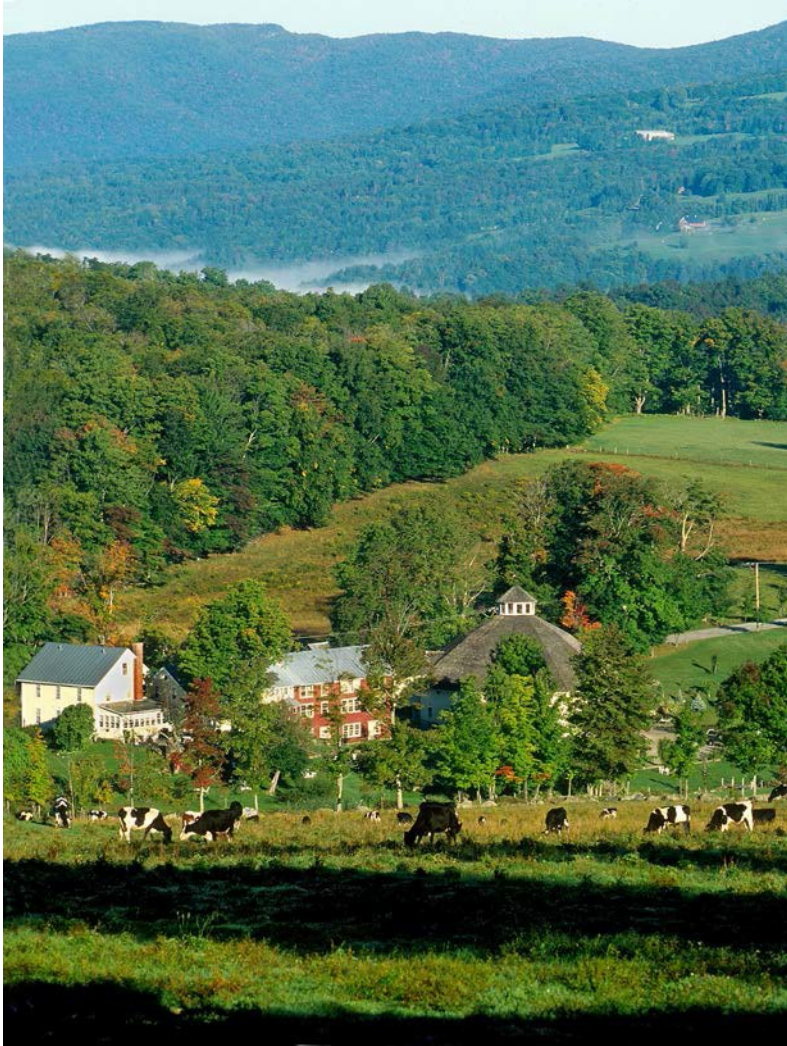
REFUND/ “LUMP SUM”

- Lump sum contributions will be paid to the primary beneficiary(ies) if:
 - Age 55 or older with fewer than 5 years of service credit.
 - Under age 55, with fewer than 10 years of service credit.
 - ★ Paid to your Estate if no Designation of Beneficiary Form on file.

DEATH IN SERVICE CHILD/CHILDREN BENEFIT

- Must be an active employee (or on an approved LOA) with a minimum of 1 year of service credit at time of death
- Up to 3 children may be eligible to receive a monthly benefit of 10% of the average final compensation until age 18 (or 23 if a full-time, unmarried student).

PENSION CHECK DEDUCTIONS



- Federal income tax
- State income tax
- Health Insurance
- Dental Insurance

HEALTH AND DENTAL INSURANCE AFTER RETIREMENT

- Continued health insurance coverage through Blue Cross/Blue Shield for under age 65 coverage.
HealthSpring MAP coverage for Medicare eligible participants.
- Members can start insurance during any open enrollment period or when you lose other health insurance coverage at any time during the year (within 60 days of loss of coverage).
- Retirees have a one-time option of paying a **higher** share of the health insurance premiums to provide partial health insurance premium coverage for a survivor, if a survivorship option is elected (Premium Reduction Option rates).
- Retirees have a one-time option for Dental Insurance coverage at 100% of premium cost.

CHANGES TO HEALTHCARE SUBSIDIES EFFECTIVE 7/1/2010

RETIREE HEALTHCARE

- Current members with *more than 10 years of service on June 30, 2010* are eligible for 80% single coverage.
- For new hires and those with less than 10 years of service on June 30, 2010, premium subsidy is determined by the number of years of service at retirement:

retiring with:

➤ > 15 years	No subsidized coverage
➤ 15-19.99 years	60% single
➤ 20-24.99 years	70% single
➤ 25+ years	80% with spousal**

** Service that is purchased (or granted) on or after 7/1/2010 does NOT count towards the spousal health insurance subsidy

To qualify for the **SPOUSAL** premium subsidy** (only available to a legal spouse):

- Members with 25-29.99 years of service on June 30, 2010 will have to a total of 35 years.
- Members with 15 to 24.99 years of service on June 30, 2010 will have to work 10 more years.
- Members with 10 to 14.99 years of service on June 30, 2010 will be eligible upon 25 years of service.

COST OF LIVING ADJUSTMENTS

Members who were eligible for normal retirement on July 1, 2022*

(Old Group C = over 30 years of service or Over age 62 on 7/1/2022 ♦ New Group C = at the Rule of 90+ or age 65+ on 7/1/2022):

CPI = Consumer Product Index for the Northeast the prior June 30th.

1st COLA applied the January after receiving twelve (12) pension payments

For example:

- If a member retires January 1, the first COLA is the following January
- If a member retires July 1, the first COLA is the second January after their retirement date

COLA = 50% of CPI, up to a maximum of 5% (minimum 1%)

*includes *any* vested deferred member on 7/1/2022

Members who were NOT eligible for normal retirement on July 1, 2022

(New Group C = not at the Rule of 90 and under age 65 on 7/1/2022):

1st COLA applied for members retiring without penalty the January after receiving twenty-four (24) pension payments

For example:

- If a member retires January 1, the first COLA is the *second* January after their retirement date
- If a member retires July 1, the first COLA is the *third* January after their retirement date
- If member retires early, the first COLA is the first January after they reach normal retirement age and have received 24 pension payments.

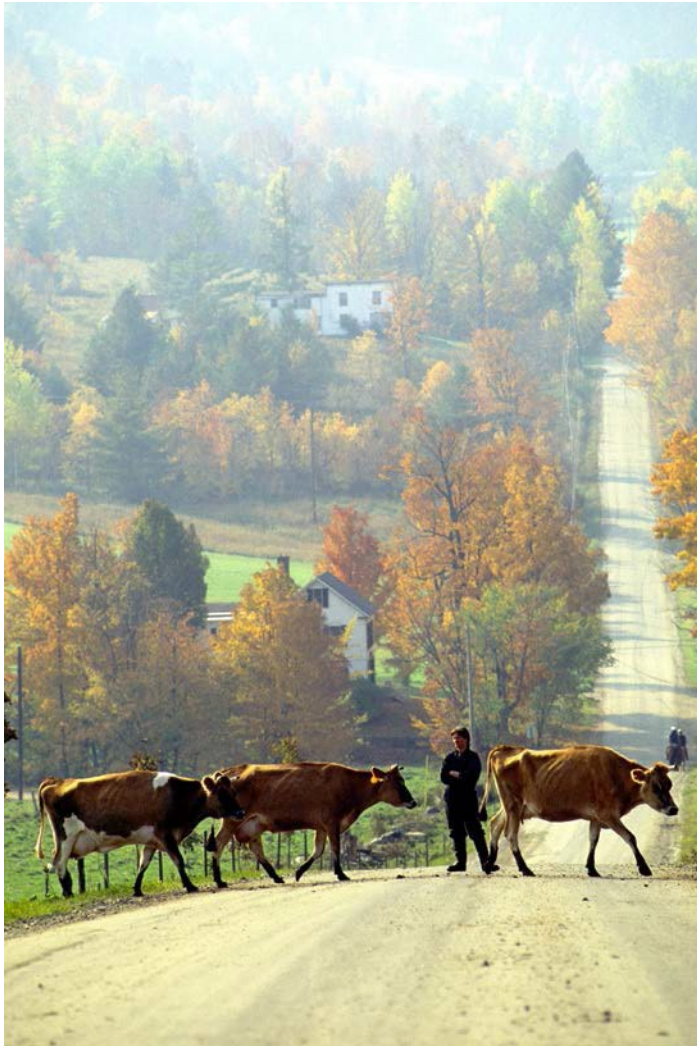
COLA = 50% of CPI, up to a max of 4% (minimum 0%)

APPLYING FOR BENEFITS

- Benefits are not automatic - you must **apply**.
- Completed retirement application should be received in the VSTRS office no later than the last day of the month prior to your effective retirement date.
- Electronic Deposit of pension payments is required .
- Elected option is **irrevocable**.
- You are encouraged to meet with a Retirement Specialist when you are within a year of your anticipated retirement.

Appointments are not available from mid-June through August

EMPLOYMENT AFTER RETIREMENT



- Employment outside of teaching in a VSTRS school does not affect pension.
- If employed as a teacher *in a school that is part of VSTRS*:
 - Member can return to work under the allowable (fiscal year) salary and continue to receive their pension.
 - Their pension is **frozen** if you earn more than 60% (see below) of the current average salary of a teacher in Vermont.
 - Pension is frozen for the *entire fiscal year* (July – June). Any pension funds received during a frozen year *must be repaid* to VSTRS prior to un-freezing.
- For the 25/26 fiscal year the maximum allowed VSTRS salary earned is

\$45,400

MEMBER DIRECT

A Member Direct account allows you to log into your VSTRS account:

As an active employee:

- View and update your nominated beneficiary
- create pension estimates
- Access annual booklets and other correspondence

As a retiree:

- view and change Direct Deposit information
- view and change federal and state tax withholdings
- change an address
- view and print monthly statements

Please visit <https://retire.Vermont.gov> to find out how to securely sign up.

RETIREMENT OFFICE WEB PAGE

URL

- <https://www.vermonttreasurer.gov/content/retirement/teacher>

CURRENT PAGES INCLUDE

- Plan Description
- Comparison of Groups
- Board Agenda
- Board Minutes
- Newsletter
- Forms

FOR MORE INFORMATION

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